

SINKING INTEREST AND REDEMPTION (18)

MISSION AND BUDGET SUMMARY

AGENCY MISSION:

The purpose of the Debt Service Fund is to meet the principal and interest of the bonded indebtedness of the City of Detroit.

AGENCY FINANCIAL SUMMARY:

<u>2003-04 Requested</u>		<u>2002-03 Budget</u>	<u>2003-04 Recommended</u>	<u>Increase (Decrease)</u>
	<u>Appropriations</u>			
	General Obligation Bonds:			
\$ 303,370,000	Interest	\$ 31,321,644	\$ 32,587,382	\$ 1,265,738
31,285,000	Principal	28,405,000	31,285,000	2,880,000
3,300,000	DDA Tax Increment Dist.	3,284,575	3,378,639	94,064
1,150,000	GM Tax Increment Dist.	1,142,717	1,125,117	(17,600)
<u>\$ 339,105,000</u>	Total Appropriations	<u>\$ 64,153,936</u>	<u>\$ 68,376,138</u>	<u>\$ 4,222,202</u>
	<u>Revenues</u>			
\$ 56,262,000	Current Year's Property Tax	\$ 54,338,123	\$ 55,694,447	\$ 1,356,324
	Prior Year's:			
6,000,000	Real Property Tax	5,935,000	9,251,000	3,316,000
210,000	Personal Property Tax	204,000	317,000	113,000
3,600,000	Industrial Facilities Tax	3,583,329	3,013,747	(569,582)
-	Neigh. Enterprise Zone Tax	93,035	99,980	6,945
-	Other Surpluses	449	(36)	(485)
<u>\$ 66,072,000</u>	Total Revenues	<u>\$ 64,153,936</u>	<u>\$ 68,376,138</u>	<u>\$ 4,222,202</u>
-	NET TAX COST:	\$ 0	<u>0</u>	\$ 0
	Tax Levy Requirement	\$ 53,587,644	\$ 54,304,382	\$ 716,738
	Delinquency Rate	14.00%	13.00%	0.00%
	Tax Rate (per \$1,000 valuation)	\$7.9217	\$8.0958	\$ 0.1741

SINKING INTEREST AND REDEMPTION (18)

ACTIVITY DESCRIPTION: BONDS AND INTEREST REDEMPTION

Bond and interest redemption provides for the scheduled retirement of principal and interest on long-term City debt. This debt derives from general obligation bond sales. (The debt service on Enterprise Funds appears in the Enterprise Agency Sections.)

State law limits the amount of general obligation debt a city may have outstanding at one time. Generally, the limit requires such debt to be within ten percent of the assessed value (which includes certain assessed value equivalents for purposes of the formula) of all real and personal property in the city. Significant exclusions to or extensions of the debt limit are permitted for special assessment bonds, motor vehicle highway bonds, hospital bonds, certain mortgage and housing bonds and various other bonds for projects deemed necessary for abating pollution. The City's outstanding debt is currently within the limits prescribed by State law. After the effective date (December 22, 1978) of an amendment to the State Constitution, the City may not issue general obligation bonds payable from taxes levied for debt service without a vote of the electorate.

The Debt Management Section of the Finance Department (funded in the Accounting Operations Activity of Agency 23) is responsible for managing the general obligation debt, as well as, that of other bonding and financing authorities which include the following:

- **The City of Detroit Building Authority**, established by the City for the purpose of financing and managing the construction of various publicly owned buildings, parking lots, recreational facilities and related sites to be leased to the City.
- **The City of Detroit Downtown Development Authority (DDA)**, established by the City to help halt property value deterioration and to promote economic growth in the downtown district.
- **The Greater Detroit Resource Recovery Authority (GDRRA)**, a separate governmental unit from the City, created by the cities of Detroit and Highland Park for the purpose of financing and supervising construction and operations of a waste-to-energy facility located in the City.
- **The Economic Development Corporation of the City of Detroit**, established for the purpose of assisting industrial and commercial enterprises in various endeavors which would benefit Detroit residents.
- **The City of Detroit Tax Increment Finance Authority**, established for the purpose of preparing development and tax increment financing plans in the City and associated with financing of the Central Industrial Park (GM) Project.
- **The Local Development Finance Authority**, established for the purpose of assisting in the financing of development projects in the City and associated with the City's Jefferson/Conner (Chrysler) Redevelopment Project.
- **The Detroit-Wayne Joint Building Authority**, established by a joint effort of the City and the County for the purpose of constructing and maintaining buildings that would serve both City and County residents.

CITY OF DETROIT
Debt Service
Financial Detail by Appropriation and Organization

General Bond Redemption	2002-03 Redbook		2003-04 Dept Final Request		2003-04 Mayor's Budget Rec	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
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<i>APPROPRIATION</i>						
<i>ORGANIZATION</i>						
00212 - General Bond Redemption						
180010 - General Bond Redemption	0	\$59,726,644	0	\$61,622,000	0	\$63,872,382
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APPROPRIATION TOTAL	0	\$59,726,644	0	\$61,622,000	0	\$63,872,382
00490 - Other Distributions						
180020 - D.D.A Tax Increment District	0	\$3,284,575	0	\$3,300,000	0	\$3,378,639
180030 - GM Tax Increment District	0	\$1,142,717	0	\$1,150,000	0	\$1,125,117
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APPROPRIATION TOTAL	0	\$4,427,292	0	\$4,450,000	0	\$4,503,756
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ACTIVITY TOTAL	0	\$64,153,936	0	\$66,072,000	0	\$68,376,138

CITY OF DETROIT
Budget Development for FY 2003 - 2004
Appropriations - Summary Objects

	2002-03 Redbook	2003-04 Dept Final Request	2003-04 Mayor's Budget Rec
AC9918 - Bond Interest and Redemption			
<i>A18000 - Debt Service</i>			
OTHEXPSSL - Other Expenses	4,427,292	4,450,000	4,503,756
FIXEDCHGSL - Fixed Charges	59,726,644	61,622,000	63,872,382
<i>A18000 - Debt Service</i>	<i>64,153,936</i>	<i>66,072,000</i>	<i>68,376,138</i>
AC9918 - Bond Interest and Redemption	64,153,936	66,072,000	68,376,138
Grand Total	64,153,936	66,072,000	68,376,138

CITY OF DETROIT
Budget Development for FY 2003 - 2004
Appropriation Summary - Revenues

	2001-02 Actuals	2002-03 Redbook	2003-04 Dept Final Request	2003-04 Mayor's Budget Rec	Variance
A18000 - Debt Service					
<i>00212 - General Bond Redemption</i>					
401100 - Current Year Property	64,296,911	54,338,123	56,262,000	55,694,447	1,356,324
402100 - Prior Years Real Prope	7,545,774	5,935,000	6,000,000	9,251,000	3,316,000
402200 - Prior Years Pers Prope	632,438	204,000	210,000	317,000	113,000
407195 - Industrial Facilities Tax	3,628,867	3,583,329	3,600,000	3,013,747	(569,582)
407210 - Neigh Enterprise Zone	0	93,035	0	99,980	6,945
461100 - Earnings On Investmer	314,583	0	0	0	0
475130 - Other Surplus	0	449	0	(36)	(485)
<i>00212 - General Bond Redemption</i>	<i>76,418,573</i>	<i>64,153,936</i>	<i>66,072,000</i>	<i>68,376,138</i>	<i>4,222,202</i>
<i>10830 - Convention Facility - Debt Service</i>					
422190 - State Hotel & Liq Tax- (0	0	0	0	0
461100 - Earnings On Investmer	0	0	0	0	0
510325 - Transfers From Other F	0	0	0	0	0
<i>10830 - Convention Facility - Debt Ser</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
A18000 - Debt Service	76,418,573	64,153,936	66,072,000	68,376,138	4,222,202
Grand Total	76,418,573	64,153,936	66,072,000	68,376,138	4,222,202